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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 4, 2011

CERTIFIED RETURN RECEIPT

7009 3410 0001 4203 1553

Spens Hansen
Northstar Clay Mines Inc.
P.O. Box 190
Eureka, Utah 84628

Subject: Review of Reclamation Surety, Northstar Clay Mines Inc., January Dump Mine, S/023/0100, Juab County, Utah

Dear Mr. Hansen:

The last surety estimate for the January Dump Mine was \$5,900.00 in 2011 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on calculated average reclamation costs, the surety amount needs to be increased to \$7400 (two-year escalation—2013) or \$7500 (four-year escalation—2015).

Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at bondcoordinator@utah.gov for information about submitting the additional bond. Your current bond is in the form of cash. You may increase the cash deposit, or you may submit a letter of credit, a certificate of deposit, or a surety bond for either the increased or the total amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

Please provide the additional surety no later than May 12, 2011.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,

Paul B. Baker
Mining Program Manager

PBB:whw:pb

cc: jmansfield@blm.gov, obeyta@blm.gov

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